

## **CRIMINAL INVESTIGATION - AN OVERVIEW**

The Criminal Investigation (CI) Division of the Internal Revenue Service enforces the criminal statutes on tax administration and related financial crimes.

The CI function employs approximately 3,200 special agents to work the roughly 5,000 cases initiated each year. In fiscal year 1997, the conviction rate for cases adjudicated was 93 percent. A special agent is a federal criminal investigator whose specialty is financial investigations. The special agent's training includes both accounting and federal law enforcement procedures.

IRS financial investigations follow federal guidelines in evidence gathering. Like other agencies, the IRS may need to use such law enforcement methods as search warrants. The investigation concludes with a written report detailing findings of violations of the law.

Financial investigations also have several unique characteristics:

1. Their major goal is to identify and document each financial transaction during the course of a crime.
2. By their nature, they are very record intensive.
3. They take long periods of time to locate and document the movement of money and other financial transactions.
4. They require analysis of records such as bank account information and real estate files.

Prior to recommending prosecution, the written report requires review by:

1. CI Centralized Review Unit
2. CI Group Manager
3. CI Branch Chief
4. CI Division Chief
5. IRS District Counsel (tax investigations only)
6. Department of Justice Tax Division (tax investigations only)
7. The United States Attorney

(more)

The IRS has one of the highest conviction rates in federal law enforcement. In Fiscal Year 1997, the IRS had the following conviction statistics:

<u>Category</u>	<u>Court Actions</u>	<u>Convictions</u>	<u>Conviction Rate</u>
Fraud	2,292	2,160	94 percent
Narcotics	1,056	950	90 percent
<b>Total</b>	<b>3,348</b>	<b>3,110</b>	<b>93 percent</b>

Investigations initiated in one year may be recommended for prosecution the following year, while court actions may occur in the third. Convictions may result in substantial prison sentences, as well as payment of fines, civil taxes and penalties.

### **CI's Primary Programs**

The Fraud Program focuses on a broad range of illegal activity designed to defraud individuals, businesses or governments, involving such things as tax evasion, bankruptcy, financial institutions, health care, insurance, and excise taxes. In Fiscal Year 1997, IRS CI initiated 3,718 cases under the Fraud Program and obtained 2,160 convictions.

In the Narcotics Program, CI uses its financial expertise to investigate the country's drug and drug money laundering organizations. In 1981, the President established the Organized Crime Drug Enforcement Task Force (OCDETF), which is a unique combination of federal, state and local law enforcement agencies working together to fight drugs and organized crime in America. IRS CI has participated in nearly 63% of all OCDETF cases since 1983. In Fiscal Year 1997, CI obtained 950 OCDETF convictions.

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